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1975/02/12



DEPARTMENT OF STATE

Washington, D.C. 20520

FA 16b

February 12, 1975

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MEMORANDUM FOR THE RECORD

Participants: Mr. Carl Maw, Under Secretary
Mr. Philip C. Habib, Assistant Secretary, EA
Mr. W. R. Smyser, NSC
Mr. William Stearman, NSC
Mr. Eric Von Marboe, DOD
[REDACTED] CIA
Mr. John Murphy, AID
Mr. Morton Abramowitz, DOD/ISA
Mr. Robert Ellsworth, DOD/ISA
Brig. General Kiefe, JCS
Mr. Robert Miller, Deputy Assistant Secretary, EA
Mr. Robert Wenzel, Country Director, EA/VN
Mr. Samuel Goldberg, H

Subject: Proposed Three-Year Assistance Program for Viet-Nam

Place: EA Conference Room, Department of State

Mr. Habib described the purpose of the meeting in terms of the need to define the aspects which must be considered in developing a three-year assistance program for Viet-Nam, in accordance with the President's Chicago Tribune interview of February 9. Mr. Habib suggested that initially the group should explore the following elements: the amount of assistance which should be requested, to include breakdowns of military and economic assistance, and categories within each of those areas of consumables versus investment; the nature of the presentation of the program to the Congress, including the form of legislation to be requested, whether the program should be presented as a request for an initial one-year authorization/appropriation or a three-year request--with a special account, or included in normal Defense and AID requests--what role the upcoming congressional delegation to Indochina might play in connection with the proposal, and the timing of the presentation to Congress; in development of the proposal, what should be asked of the GVN regarding its contribution to the overall effort, militarily, economically, and politically; what role can other countries play, particularly the Japanese; the relationship of the outcome of our supplemental request for FY 75 funds to the three-year program; what changes would be



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required or should be sought in existing legislation related to our assistance, for example, in excess military equipment terms, additional charges (e.g., military salaries), and DAV legislative terms as compared to MAP terms; the need to develop a program which is valid in terms of the basic three-year thesis; and, an estimate of North Vietnamese reaction to such a program.

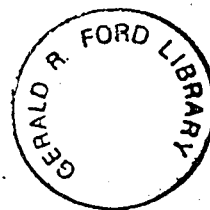
Mr. Habib asked Ambassador Martin to present a program breakdown which could be employed for discussion purposes at the outset. Ambassador Martin suggested a high option and low option breakdown as follows:

	<u>High Option</u>		<u>Low Option</u>	
	<u>Mil</u>	<u>Econ</u>	<u>Mil</u>	<u>Econ</u>
'76	1.7	800	1.7	800
'77	1.5	750	1.3	700
'78	<u>1.1</u>	<u>650</u>	<u>1.0</u>	<u>500</u>
	4.3	<u>2.2</u>	4.0	<u>2.0</u>
		6.5		6.0

The above options Ambassador Martin suggested would mesh generally with Secretary Kissinger's July 22 letter to Chairman Fulbright setting forth a proposed five-year assistance program to Viet-Nam. The range of \$6.0-6.5 billion is also in accordance with guidance received from Secretary Kissinger. Ambassador Martin also suggested that the \$400 million military assistance shortfall resulting from the Congress's cuts of the Administration's request for FY 75 could be front-loaded on the FY 76 request.

The question was raised as to whether we could present Congress with a request for a three-year "commitment" or, given general congressional resistance to multi-year commitments, present a "program" and seek first year appropriation only. Mr. Von Marboed noted a multi-year authorization would be possible, but probably only a single year appropriation could be obtained. Mr. Maw noted that there are precedents for both authorization and appropriation on a multi-year basis. It was noted, however,

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it was probably not realistic to seek such multi-year commitment from Congress, in appropriation terms.

Mr. Habib stated that there will be a real need to prove to the Congress that the elements of the program we put forward will create conditions in which the wherewithal will be available to the GVN, upon conclusion of the program, to survive within their own resource availability. Mr. Ellsworth added that it will be important to be able to emphasize that the program will establish a GVN defense capability of sufficient credibility to encourage the North Vietnamese to return to the terms of the Paris Agreement. Ambassador Martin added that the program must show that, regardless of what North Viet-Nam does, the South Vietnamese will be able to carry on their own defense. In this regard, Senator Nunn's proposal to build up the South Vietnamese in the next few years, and subsequently provide U.S. assistance only on a matching basis with Soviet and Chinese inputs into North Viet-Nam, could be a possible additional element for the proposal to the Congress.

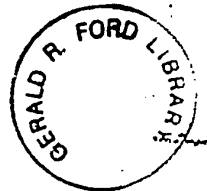
Mr. Abramowitz pointed out that in developing the proposal we should consider not only the aid elements, but include within the total package diplomatic elements which would lead to a termination of the conflict. Mr. Goldberg raised the issue of what position we should take in submitting the proposal to the Congress with respect to the period after the three-year program.

Mr. Habib stated that it will be important to build a "fence" around the three-year proposal, and adhere to a position that aid in subsequent years will not be necessary--provided the three-year appropriations levels are sufficient. Mr. Smyser agreed with this position.

Ambassador Martin, in assessing Soviet and Chinese intentions regarding aid to North Viet-Nam, perceived it as unlikely that the two major communist powers would see an advantage to increasing significantly the levels of their assistance to Hanoi. Mr. Walsh, however, added that while there is no evidence to suggest a Soviet/PRC disposition to accelerate the levels of assistance, neither is there evidence to suggest that they will refuse to sustain their current levels.

Mr. Habib stated that it will be important for us not to mislead the Congress as to the possibilities for a political settlement as a result of the three-year program proposal.

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Mr. Smyser agreed, and added that we should put the proposal forward as a positive idea with the objective of unburdening ourselves once and for all of the Viet-Nam drain. Mr. Goldberg said the program is the only chance we have with the Congress to obtain reasonable levels of aid, and that the concept of a finite period of time and sum of money is essential to garner congressional support. Furthermore, every effort must be made to involve the Congress in a manner in which the program appears as a congressional initiative.

With regard to the mode of presentation to the Congress, Ambassador Martin hoped that it could be put forward as a multi-year program, with the military assistance element continuing to be under the DOD budget. It was agreed that Cambodia should not be included in the proposal, given the emergency nature of the Cambodian situation and the entirely different circumstances surrounding the Cambodian problem. Mr. Habib stated we should attempt to employ the President's response to the February 6 letter from 82 Members of the Congress--which suggested a dialogue between the Executive and Legislative branches--as a lead-in to the process of developing a three-year proposal. Similarly, we should explore what it is that we would like to result from the forthcoming trip by various Members of the legislature to Viet-Nam, with particular regard to the three-year program. Both the response to the letter and the congressional commission can thus serve to engage and enlist the support of the Congress.

Turning to the economic assistance element of the proposal, Ambassador Martin noted that his breakdown (provided earlier) would allow for \$2.2 billion. Mr. Habib pointed out that we must be prepared to present precise and carefully thought out breakdowns of project and non-project assistance within this figure. Ambassadors Habib and Martin agreed the program should demonstrate that at the end of the three years the Vietnamese will be economically self-sufficient and in a position for economic takeoff. Mr. Murphy thought that a separate Viet-Nam assistance package, not wrapped in the regular aid program, would be the preferable means of presentation to the Congress. He suggested that if a program for Israel materializes along these lines, the Viet Nam program could be combined to make a more saleable package.

Mr. Habib sought [REDACTED]'s judgment on the probable North Vietnamese reaction to the three-year program proposal. [REDACTED] suggested that if the program is to work, we would have to assume some very optimistic developments regarding security in South Viet-Nam. Ambassador Martin observed that



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North Viet-Nam has certain problems, in that if it engages in sustained activity which will consume its existing stockpiles, full replenishment from the Soviet Union and PRC may not be forthcoming. Ambassador Martin expressed a conviction that the South Vietnamese, if they are assured of high levels of support over the next three years, will hold their present positions successfully. Mr. Smyser added that the North Vietnamese would suffer cadre problems if they did not pursue an active military posture for the three years of the program's duration. Mr. Abramowitz suggested that if the North Vietnamese opt to increase the level of fighting, it would oblige us then to increase even further our assistance levels. Mr. Miller noted that NSSM 213, currently in draft, anticipates a major North Vietnamese military drive in 1976, and that the proposal under discussion would be well-equipped to deal with such an offensive, and might even oblige the North Vietnamese to change their plans.

Mr. Habib asked [REDACTED] to develop a CIA estimate of the probable reaction of the North Vietnamese, if such a three-year program should be adopted. The report was requested by the end of this week, or early next week.

In closing the session, Mr. Habib cautioned that we should not speak publicly of the magnitude of the program until a certain preparatory process--such as was suggested in the earlier discussion vis-a-vis the Congress--has been completed. Mr. Habib stated that his Bureau would commence to put together an outline of what is involved in developing the proposal, and an overview of the elements which should be included. The outline will be circulated to participants of this meeting. Mr. Habib noted, as Mr. Smyser had previously suggested, that we are at this stage dealing with a proposal for consideration of our superiors, and that the President will make the decision as to whether the program is to be submitted to the Congress.

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